

CENTRAL INTELLIGENCE AGENCY

SECURITY INFORMATION

INFORMATION REPORT

CD NO. [REDACTED]

25X1A

COUNTRY East Germany

DATE DISTR. 11 August 1953

SUBJECT Dissolution of the Deutsche Handelszentralen
(DHZ's)

NO. OF PAGES 1

PLACE 25X1A

NO. OF ENCL'S
(LISTED BELOW)

ACQUIRED 25X1X

DATE OF INFO. 25X1X

SUPPLEMENT TO
REPORT NO.

25X1X

1. The East German DHZ's (Deutsche Handelszentralen) (German Trade Centers) are in the process of being dissolved. DHZ-Metall has already been closed, and other DHZ's are to close down in the near future. All the DHZ's are to be closed out during June and July 1953. It is probable that DHZ Fahrzeug und Maschinenbau (vehicle and machine construction) will be the last to close down.

2. The DHZ system of distribution will be replaced by a state-owned organization patterned almost exactly on the Soviet system. Wholesale distribution will take place at the Kreis level, and warehouses stocking every category of goods will be set up in each Kreis or joint Kreis. Instead of having independent outlets for the various goods categories, as is currently the case under the numerous DHZ's, the Kreis warehouse will supply the industrial consumer from a central establishment. It is hoped that this system will greatly improve commodity distribution.

3. Centralized direction of distribution will be provided by the technical sales agencies belonging to each industrial ministry. To relieve these ministerial agencies of the enormous bookkeeping and negotiating tasks involved, semi-independent Kontore (offices) will be established to handle the mechanics of trading. It has not yet been decided exactly how the Kontore are to function or what the legal limits of their authority are to be. Various details concerning the assimilation of this entire new merchandising system into the present complicated industrial organization of East Germany still have to be worked out.

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CLASSIFICATION SECRET

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